

# SBA FEDERAL CONTRACTING SET ASIDE PROGRAMS

U.S. Small Business Administration  
Office of Government Contracting

[www.sba.gov/gc](http://www.sba.gov/gc)



Presented by

Jim Secrist

DLA Land and Maritime  
Office of Small Business Programs

# Current SBA Programs with Set Aside Provisions

- Small Business Set Aside
- Section 8(a) Business Development
- HUBZone Set Aside
- Service Disabled Veteran Owned Set Aside
- Women Owned Small Business “Restricted Competition”

# Small Business Set- Aside Program



# Small Business Set-Aside Requirements

- Must be a small business concern
- How is a small business concern defined?
  - Organized for profit
  - Place of business located in the United States
  - Makes significant contribution to the U.S. economy through payment of taxes and/or use of American products, materials, and/or labor
  - Qualifies as small under the size standard for the **North American Industry Classification System (NAICS)** code specified in the solicitation

# NAICS Size Standards

NAICS Codes	NAICS Industry Description	Size Standards in millions of dollars	Size standards in number of employees
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<b>Subsector 332 – Fabricated Metal Product Manufacturing</b>			
332111	Iron and Steel Forging		500
332112	Nonferrous Forging		500
332114	Custom Roll Forming		500
332115	Crown and Closure Manufacturing		500
332116	Metal Stamping		500
332117	Powder Metallurgy Part Manufacturing		500
332211	Cutlery and Flatware (except Precious) Manufacturing		500
332212	Hand and Edge Tool Manufacturing		500
332213	Saw Blade and Handsaw Manufacturing		500
332214	Kitchen Utensil, Pot and Pan Manufacturing		500

<http://www.sbaonline.sba.gov/contractingopportunities/officials/size/table/index.html>

# Basic Rules for Set-Asides....

Set Aside if.... two or more small businesses  
are expected to offer the product of...

	... The Same	...Different	Large	Small
\$ 3 K to 25 K		x	x or	x
\$ 25 K to \$150 K	x	or x		x
Over \$150 K		x		x
... U.S. manufacturer(s)				

SBA Waiver applies over \$25,000.

SBA waives FSCs that can't be found domestically. <http://www.sba.gov/content/class-waivers>

# Small Business Set-Aside Program Performance Requirements

- Contract for Supplies or Products:
  - Manufacturer
    - Perform at least 50 percent of the cost of manufacturing the supplies or products (not including the costs of materials)
  - Non-manufacturer (non-manufacturers rule)
    - Must supply the product of a domestic small business manufacturer

# Supply Contracts Exceptions & Waivers to the Non-manufacturers Rule

- Exception: Small Business Set Aside acquisitions between \$3,000 and \$25,000
  - Non-manufacturers may supply any domestically manufactured **large** or small business product
- Waiver: SBA has determined there are no SB Mfrs. Participating in the Federal marketplace
  - On a small business set aside acquisition a non-manufacturer may supply any product

# Basic Rules for Set-Asides....

Set Aside if.... two or more small businesses  
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	... The Same	...Different	Large	Small
\$ 3 K to 25 K		x	x or	x
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Over \$150 K		x		x
			... U.S. manufacturer(s)	

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# 8(a) Business Development Contracting Set Asides



# 8(a) Purpose

- Named for Section 8(a) of the Small Business Act, this program was created to help **small disadvantaged businesses** compete in the marketplace. It also helps these companies gain access to federal and private procurement markets.
- **What is the Purpose of the 8(a) Business Development Program?**
  - The focus of the program is to provide business development support including:
    - Mentoring
    - Procurement assistance
    - Business counseling
    - Training
    - Financial assistance
    - Surety bonding
    - Other management and technical assistance

# 8(a) Business Development Program

## Set Aside Requirements

- Company must be a current 8(a) program participant (only one 9 year term)
- Capabilities must match the requirement
- Award price cannot exceed the Government's established "fair market price"
- SBA must accept the requirement for the 8(a) program (only required on actions over the simplified acquisition threshold for DoD)

# 8(a) Set Aside Performance Requirements

- An 8(a) contractor must perform certain percentages of work with its own employees. These percentages and the requirements relating to them are the same as those established for small business set-aside prime contractors (including non-manufacturers)
- Exception and Waivers to the Non-manufacturers Rule are the same as outlined for small business set asides

# HUBZone Set Aside Program



# HUBZone Program Participation Requirements

- Must be a qualified HUBZone small business concern certified by the SBA
- Criteria for HUBZone Qualification:
  - Principle office located in a HUBZone
  - 35% of employees reside in a HUBZone
  - 51% of the business, owned and controlled by U.S. citizens

# HUBZone Program Set Aside Performance Requirements

- Same as those for small business set asides with the following exceptions
  - The work must be performed by a HUBZone firm, or in combination with one or more other qualified HUBZone small business concerns.
  - A qualified HUBZone non-manufacturer must furnish only end items manufactured or produced by HUBZone small business concerns.

# HUBZone Program

## Exceptions & Waivers to the Non-manufacturers Rule

- HUBZone set aside contract actions between \$3,000 and \$25,000 may be performed by a HUBZone business supplying the end item of any domestic manufacturer, including a large business.

# Service Disabled Veteran Owned Small Business Procurement Program



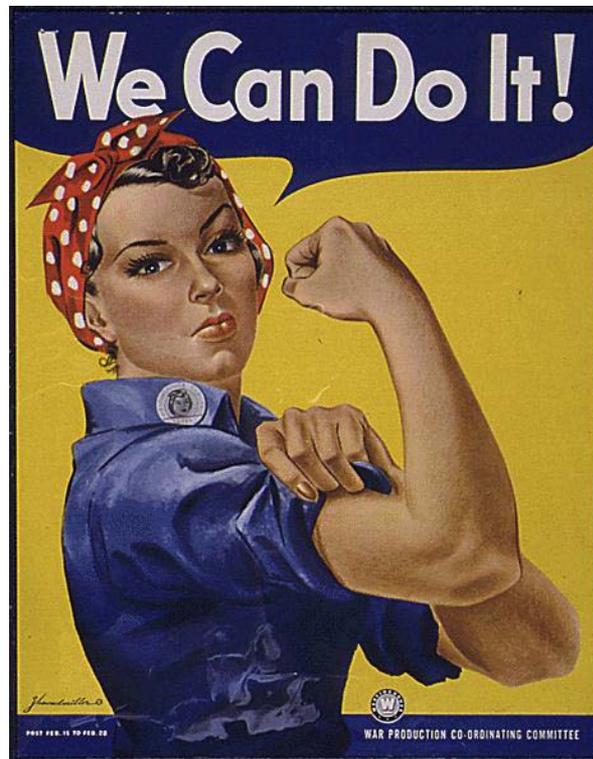
# SDVOSB Program Participation Requirements

- Must be a service disabled veteran owned small business concern
  - Veteran's disability is service connected.
  - At least 51% of the business must be owned and controlled by one or more service disabled veterans.

# SDVOSB Set Aside Performance Requirements

- Same as those for small business set asides with the following exceptions:
  - The work must be completed by a SDVOSB or in combination with other service disabled veteran owned small business concerns.
  - Exception and waivers to the non-manufacturers rule are the same as outlined for small business set asides.

# Women-Owned Small Business (WOSB) Program



# Women-Owned Small Business Contracting Program Overview

The Women-Owned Small Business (WOSB) program authorizes contracting officers to **set aside certain federal contracts** for eligible:

- Women-owned small businesses (WOSBs) or
- Economically disadvantaged women-owned small businesses (EDWOSBs)

# Requirements for the Women-Owned Small Business Contracting Program

- **WOSB Set Asides:**

The NAICS code assigned to the solicitation is in an industry in which WOSBs are **substantially underrepresented**

(38 – NAICS code categories)

- **EDWOSB Set Asides:**

The NAICS code assigned to the solicitation is in an industry in which EDWOSBs are **underrepresented**

(45 – NAICS code categories)

# Women-Owned Small Business Program Participation Requirements

## **WOSB Set Aside Eligibility Criteria:**

- Meet small business size standard for primary NAICS code. At least 51% unconditionally and directly owned by women who are U.S. citizens.\*
- The woman must manage the day-to-day operations.
- The woman must make the long-term decisions for the business.
- A woman must hold highest officer position.
- The woman must work at the business full-time during normal working hours.
- No minimum amount of time the business has been operational.

# Women-Owned Small Business Program Participation Requirements

## **EDWOSB Set Aside Eligibility Criteria:**

- Same requirements as WOSBs (on previous page) PLUS:
  - **Personal net worth** (assets minus liabilities) **is less than \$750,000** excluding:
    - Ownership in business and primary personal residence
    - Income reinvested or used to pay taxes of business
    - Funds reinvested in IRA or other retirement account\*
    - Transferred assets within two years if to or on behalf of immediate family member for select purposes\*\*
  - **Adjusted gross income average over three years is \$350,000 or less** excluding:
    - Income reinvested or used to pay taxes of business
  - **Fair market value of assets is \$6 million or less** excluding:
    - Funds reinvested in IRA or other official retirement account

# WOSB and EDWOSB Set Aside Performance Requirements

- Same as those for small business set asides.
- Exception and waivers to the non-manufacturers rule are the same as outlined for small business set asides.

# SBA's Key Internet Addresses



- SBA's Home Page:  
[www.sba.gov](http://www.sba.gov)
- Government Contracting:  
[www.sba.gov/GC](http://www.sba.gov/GC)
- 8(a) Business Development:  
[www.sba.gov/8abd](http://www.sba.gov/8abd)
- HUBZone:  
[www.sba.gov/hubzone](http://www.sba.gov/hubzone)
- WOSB / EDWOSB:  
[www.sba.gov/wosb](http://www.sba.gov/wosb)